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SUBJECT: International Trade Center (ITC) Targets
AGOA, APEC and Seeks more posts

¶1. (U) SUMMARY: During an August 7 courtesy call with International Trade Center (ITC) Executive Director Patricia Francis, Francis asked Charge Griffiths for USG support for 19 new professional posts for ITC's 2010-2011 biennial budget, which the ACABQ in New York has already reviewed. The ACABQ's report and recommendations are due to be released in the coming weeks. Francis said the new posts were essential for ITC to meet growing demand for its products and to help developing countries recover from the financial crisis through increasing their exports. ITC is focusing on the US hosting of APEC in 2011, AGOA, and developing a stronger partnership with USAID as means to increase USG involvement with, and support for, ITC. Griffiths applauded ITC reforms, its well defined product lines, and its targeted approach to attract USG support. END SUMMARY.

BACKGROUND

¶2. (U) Patricia Francis became Executive Director of ITC in June 2006 and has spent the past three years implementing recommendations from a Danish-led evaluation, including a massive change management process to ensure staff buy-in and training on new methods of operation. ITC now has a clear motto, (quote) export impact for good, (end quote) five well defined product lines, a simplified program and budget process and measurable indicators to evaluate the impact of its projects on recipients. ITC's five product lines are: 1) advice on development of business and trade policies; 2) advice on development of export strategies; 3) technical assistance to strengthen trade promotion agencies; 4) trade intelligence to identify and capture market opportunities; and 5) technical assistance for small and medium sized enterprises to enable them to become exporters.

¶3. (U) Along with voluntary contributions to the ITC Trust Fund (\$28.6 million in 2008), ITC receives regular budget contributions (\$29.1 million in 2008) through its two parent organizations, the UN Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO). Indicative of donor support for ITC's reforms and confidence in ITC's management, in 2008, for the first time, more than 50 percent of the voluntary contributions to ITC were unearmarked. The U.S. has pushed for greater cooperation between ITC and UNCTAD and for inclusion of ITC programs in UN Development Assistance Frameworks. In 2008, ITC's main donors were:

Norway (\$3.8 million); Netherlands (\$3.6 million); Sweden and Germany (\$3.1 million each); Canada, Denmark and Switzerland (over \$2 million each).

¶4. (SBU) Despite being favorably impressed with ITC programs and reforms, the USG only contributes a small amount to ITC (\$81,000 in 2008, according to the ITC annual report). USAID supports ITC's investment map program, including paying for annual training about the program. Investment Map combines different data (international trade, foreign direct investment, tariff and foreign affiliated companies) into an easy-to-use, interactive Internet tool that allows analysis by country, trading partner and sector, to identify trade and investment opportunities.

BUDGET REQUEST - the case for an increase

¶5. (U) Francis made the case for more regular budget positions at ITC on the basis of three factors: 1) ITC's extra-budget resources have increased significantly, so ITC needs more core positions to effectively manage and utilize those extra-budgetary funds, which are for country-level technical assistance; 2) this trend will continue as the amount of resources available for Aid for Trade (all ITC technical assistance qualifies as Aid for Trade) is projected to double by 2010 versus its 2007 level; and 3) ITC's programs can help developing countries recover from the financial crisis.

¶6. (U) Over the period 2000-2008, ITC increased its technical assistance by 153 percent (from \$11.6 to \$29.4 million). In contrast, regular budget resources increased by 69 percent (from \$17.2 to \$29.1 million) over the same period. This is problematic since country-level technical assistance is funded by extra-budgetary resources, complemented, at a proportionately diminishing level, by resources for the design and development of global, regional and country programmes and the development of core business line products. Though overly ambitious, ITC's request for 19 new regular budget positions would help redress this imbalance and provide ITC with adequate core staff to enable ITC to effectively manage and utilize its planned continued growth in extra-budgetary resources.

¶7. (U) The most recent data provided by OECD indicates that Aid for Trade flows have continued to increase by 10 per cent in 2008, and countries have pledged to maintain aid flows in 2009. The target set in 2007 anticipated doubling Aid for Trade by 2010 i.e. additional resources of US\$ 2 billion in 2007 increasing to US\$ 5-6 billion a year by 2010. All ITC's programs qualify as Aid for Trade. Therefore, the growth in resources devoted to Aid for Trade, combined with ITC's emphasis on measurable results should continue to increase demand for ITC's products.

¶8. (U) Finally, ITC reports that due to the financial crisis, global trade growth has fallen from a six per cent growth in 2007 to a massive decline from late 2008 onwards. Imports into the main markets (EU27, USA, Japan, China and Switzerland) from the world have declined 32% during the last year - measured as the period of the first four months of 2009 compared to the same 4-month period in 2008. Exports from LDCs into the main markets have during the same period declined 45%. Investment in ITC programs could help many developing countries to exit the crisis by enhancing their trade capacity.

ITC WANTS TO WORK WITH US

¶9. (U) Francis said she hopes to attract greater support from the USG through focusing ITC's efforts on collaborating with the US in three areas: 1) preparation for the US hosting of APEC in 2011; 2) helping African countries take more advantage of the African Growth and Opportunity Act (AGOA); and 3) working with USAID on a more systematic basis.

¶10. (U) Francis said ITC is working with APEC member countries so that a significant number will be able to complement their participation in the 2011 APEC meeting in the U.S. with a trade fair. She requested Mission help in coordinating with State on this.

¶11. (U) Charge Griffiths and Francis discussed the difficulty in attracting greater USG support for ITC. Francis opined that part of the challenge is her staff's lack of familiarity with US programs, such as AGOA, and their extensive experience with Europeans. Consequently, ITC staff tend to look first and often exclusively to Europe for assistance. Francis said she is actively working with staff to encourage them to reach out to USAID representatives in countries where ITC has programs, and Francis herself hopes to work more closely with USAID here in Geneva. Over the past three years, Francis has made several trips to Washington to request more targeted support.

COMMENT

¶12. (SBU) ITC has undergone extensive reforms to define and target its product lines for maximum impact. It has implemented an excellent evaluation program that measures the impact of its programs on beneficiary families, and has entered numerous successful partnerships with the private sector. Mission strongly supports ITC's work and believes ITC is an excellent candidate for greater contributions from the US.

¶13. (SBU) ITC did not receive any of the 91 new posts provided as part of the development pillar. UNCTAD, ITC's parent organization, received 12 positions, but cannot allocate any of those to ITC, since the use of UNCTAD's 12 positions was defined and agreed by the Fifth Committee when they agreed upon the development pillar. While Mission believes UNCTAD did not need 12 new positions, Mission encourages USG to consider ITC's request for new posts, since ITC is well managed, has undergone extensive reforms, and has high impact programs that are often run as partnerships with the private sector. ITC's technical assistance and advisory services have proven effective in bringing small and medium sized enterprises from developing countries into the international trading system. They also effectively target women entrepreneurs and contribute to achievement of the millennium development goals.

¶14. (SBU) Francis volunteered that she does not expect ITC to get funding for all 19 positions, but hoped that with USG support when the request went to Fifth Committee, then at least some of the 19 positions ultimately would get regular budget funding. END COMMENT